UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/CONF.151/PC/100/Add.8
15 January 1992

ORIGINAL: ENGLISH

PREPARATORY COMMITTEE FOR THE UNITED
NATIONS CONFERENCE ON ENVIRONMENT
AND DEVELOPMENT
Fourth session
New York, 2 March-3 April 1992
Plenary session
Item 2 (c) of the provisional agenda*

PREPARATIONS FOR THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT ON THE BASIS OF GENERAL ASSEMBLY RESOLUTION 44/228 AND TAKING INTO ACCOUNT OTHER RELEVANT GENERAL ASSEMBLY RESOLUTIONS: CROSS-SECTORAL ISSUES

Integration of environment and development in decision-making

(Section I, chapter 7, of Agenda 21)

Report of the Secretary-General of the Conference

1. The present chapter has been prepared in response to Preparatory Committee decision 3/9 entitled "Sustainability, international economy, integrated-environmental accounting and economic instruments", within the structure provided in decision 3/2 entitled "Structure and organization of Agenda 21" (see A/46/48, vol. II, annex I). The Secretary-General of the Conference has endeavoured to provide a coherent programme, consolidating all relevant material. Documents A/CONF.151/PC/49, A/CONF.151/PC/50 and A/CONF.151/PC/62 have been drawn upon, and views expressed by Governments during the debates taken fully into account.

2. It is now widely recognized that, for long-term economic development to be sustainable, environmental quality and stocks of natural resources must be conserved. In the past two decades, there has been some progress through the

---

* See A/CONF.151/PC/96.

application of conventional environmental policy together with economic policy. It is now clear that this is not enough; environment and development must be taken into account at each step of decision-making and action should be taken in an integrated manner. These steps include information on which decisions can be based; goal-setting and policy formulation; legislation and regulations; fiscal provisions and economic instruments; planning mechanisms and institutions; analytical tools and management procedures. The challenge now is to achieve this integration at all levels of decision-making, providing the means of making the transition to sustainability.

3. The present chapter 1/ consists of four programmes:

(a) Integrating environment and development at the policy, planning and management levels;

(b) Providing an effective legal and regulatory framework;

(c) Making effective use of economic instruments and market incentives;

(d) Establishing systems for integrated environmental and economic accounting.

II. PROGRAMME AREAS

A. Integrating environment and development at the policy, planning and management levels

1. Basis for action

4. Prevailing systems for decision-making continue to separate macroeconomic and environmental factors - at the policy, planning and management levels. This influences the actions of all groups in society, including Governments, industry and individuals, and has important implications for the efficiency and sustainability of development. It is now widely accepted that a fundamental reshaping of decision-making is necessary, and the view is that environment and development should be put at the centre of economic and political decision-making, in effect achieving a full integration of these factors. 2/ In recent years, some Governments have also begun to make significant changes in the institutional structures of government in order to enable more systematic consideration of the environment when decisions are made on economic, fiscal, energy, agricultural, transportation, trade and other policies, as well as the implications of policies in those areas for the environment. New forms of dialogue are also being developed for achieving better integration among government, industry, science, environmental groups and the public in the process of developing effective approaches to environment and development. The main responsibility for bringing about changes lies with Governments, although in many instances collaboration with national and international organizations 3/ will be useful. Exchange of experience among countries can also be significant.

2. Objectives

5. The overall objective is to restructure the decision-making process so that consideration of socio-economic and environmental issues is fully integrated. In particular, the specific objectives are as follows:

(a) To establish procedures to internalize the integration of environment and development issues, and accountability for them, at the policy, planning, management and implementation levels within three years;

(b) To establish improved mechanisms to facilitate the active involvement of all groups of society in decision-making at all levels within three years;

(c) To strengthen institutional structures to allow the full integration of environmental and developmental issues within five years;

(d) To systematically review and redirect macroeconomic, sectoral and environmental policies, strategies and plans to ensure the full integration of environmental and developmental issues within five years.

3. Activities

(a) Restructure decision-making processes

6. The primary need is to bring environmental considerations into decision-making processes concerning economic and development issues. Governments should review and, where appropriate, restructure the processes of decision-making so as to achieve the full integration of economic and environmental issues in the pursuit of development that is economically efficient, socially equitable and environmentally sound. In particular, Governments should:

(a) Ensure the integration of and accountability for environmental, economic and developmental considerations in the terms of reference of the highest decision-making body (cabinet or equivalent), the bodies dealing with national economic and fiscal policy and key sectoral departments of Government (ministries or equivalent);

(b) Adopt a policy framework that reflects a long-term perspective and cross-sectoral approach as the basis for decisions, taking account of the linkages between and within the various political, economic, social and environmental issues involved in the development process;

(c) Establish coordination mechanisms that ensure the harmonization of all macroeconomic, sectoral and environmental policies, plans and policy instruments, including fiscal measures and the budget; these mechanisms should apply at various levels (cabinet, interministerial, interdepartmental; federal/state/municipal); 4/

(d) Establish consultation mechanisms that bring together all involved in the development process, including the central economic, environmental and sectoral interests, industry, the private sector, stakeholders and interest groups; 5/

(e) Monitor and evaluate the development process systematically, conducting regular reviews of the state of human development, economic conditions and trends, the state of the environment and natural resources; this should be complemented by annual sustainable development audits tied to budget and tied to accountability in the various sectors and departments of Government;

(f) Ensure accountability for environmental implications of economic and sectoral policies within Governments and between Governments and the public;

(g) Make relevant information available to the public.

(b) Improve planning and management systems

7. To support a more integrated approach to decision-making, the data systems and analytical methods used to support such decision-making processes also need to be reoriented. Governments, in collaboration, where appropriate, with national and international organizations, should review the status of the planning and management system and, where necessary, modify and strengthen procedures so as to facilitate the integrated consideration of social, economic and environmental issues. In particular, they should:

(a) Improve the use of data and information at all stages of planning and management, making systematic and simultaneous use of social, economic and environmental data; analysis should stress interactions and synergisms; a broad range of analytical methods should be encouraged so as to provide various points of view; 6/

(b) Adopt comprehensive analytical procedures for prior and simultaneous assessment of the impacts of decisions, including the impacts within and among the economic and environmental spheres; these procedures should extend beyond the project level to policies and programmes; analysis should also include assessment of costs, benefits and risks;

(c) Adopt flexible and integrative planning approaches that allow the consideration of multiple goals and enable adjustment of changing needs; integrative area approaches at the ecosystem or watershed level can assist in this;

(d) Adopt integrated management systems, particularly for the management of natural resources; traditional or indigenous methods should be applied wherever they have proved effective;

(e) Use policy instruments as a tool for planning and management to ensure automatic regulation and incorporation of efficiency criteria in decisions; legal/regulatory and economic instruments should be regularly reviewed and adapted to ensure that they continue to be effective; 7/

(f) Delegate planning and management responsibilities to the lowest possible level so that action resides with the natural stakeholders.

(c) Adopt a national strategy for sustainable development

8. Governments, in cooperation, where appropriate, with international organizations, should adopt a national strategy for sustainable development based on the implementation of decisions taken at the Conference, particularly in respect of Agenda 21. This strategy should build upon the national development plan and harmonize, within its framework, the various macroeconomic, sectoral and environmental plans that are operating in the country; its goals should be to ensure equitable economic advancement while protecting the resource base and the environment; it should be developed by consensus, with the widest possible participation of groups within society; it should be based on a thorough assessment of the current situation and trends, building on such analytical initiatives as the Conference's national report process. 4/

4. Means of implementation

(a) Financing and cost evaluation

9. To assist developing countries, it is suggested that technical cooperation funding from international sources be made available at an annual cost of about US$ 50 million.

(b) Research environment and development interactions

10. Governments, in collaboration with the national and international scientific community and in cooperation with international organizations, should intensify efforts to clarify the interactions between and within the social, economic and environmental systems. Research should be undertaken with the explicit objective of assisting policy decisions and providing direction to management practices. 8/

(c) Enhance education and training

11. Governments, in cooperation, where appropriate, with national, regional or international organizations, should ensure that essential human resources exist to undertake the integration of environment and development at all stages of the decision-making and implementation process. To do this, they should improve education by including interdisciplinary approaches in the technical, vocational and university curricula. They should also undertake systematic training of government personnel, planners and managers on a

regular basis, giving priority to the various integrative approaches and planning and management techniques. 9/

(d) Promote public awareness

12. Governments, in cooperation with national institutions and groups, the media and the international community, should promote awareness in the public at large, as well as in specialized circles, of the importance of considering environment and development simultaneously in development actions. Priority should be given to highlighting the responsibilities and potential contributions of different social groups. 9/

(e) Strengthen national institutional capacity

13. Governments, in cooperation, where appropriate, with international organizations, should strengthen national institutional capacity to integrate economic, social and environmental issues at all levels of decision-making and implementation. Priority should be given to moving away from narrow sectoral approaches, progressing towards full cross-sectoral coordination and cooperation. The institutional mandates should be redefined to explicitly include an integrated perspective. 4/

B. Providing an effective legal and regulatory framework

1. Basis for action

14. Laws and regulations are among the most important instruments for transforming environment and development policies into action - not only through "command and control" methods but also as a normative framework for economic planning and market instruments. 7/ Yet, although the volume of legal texts in this field is steadily increasing, much of the law-making has been ad hoc and piecemeal, or has not been endowed with the necessary institutional machinery and authority for enforcement and timely adjustment. The legal process, which ought to facilitate progress towards sustainable patterns of development, is often ill-adapted to the scale and pace of economic and social change - and to the degree of public participation and transparency of decision-making - required for this purpose.

15. While there is continuous need for law reform in all countries, developing countries have been particularly affected by the shortcomings of laws and regulations often dating back to the colonial period. To ensure timely adjustment, technical support is needed both for the drafting of new or revised legal instruments and for their practical implementation, including the appropriate institutions and remedies. Technical cooperation requirements in this field include legal information, advisory services and specialized training and institutional capacity-building.

16. The enactment and enforcement of laws and regulations (at the national, state/provincial or local/municipal level) is also essential for the implementation of most international agreements in the field of environment and development, as illustrated by the frequent treaty obligation to report on legislative measures. The survey of existing agreements undertaken in the context of conference preparations has indicated serious problems of compliance in this respect, and the need for improved monitoring and related technical assistance. 10/

2. Objectives

17. The overall objective is to promote the integration of environment and development policies through appropriate legal and regulatory instruments at the national and local level. Specific objectives include the following:

(a) To disseminate information on effective legal and regulatory innovations in the field of environment and development, including non-coercive instruments and compliance incentives, with a view to encouraging their wider use and adaption at the national and local level;

(b) To assist developing countries and economies in transition in their national efforts to modernize and strengthen the legal and regulatory framework of governance for sustainable development, having due regard for local social values and infrastructures;

(c) To monitor and review domestic legal instruments giving effect to international agreements on environment and development, with a view to promoting compliance and further harmonization.

3. Activities

(a) Make laws and regulations more effective

18. Governments, with the assistance of competent international organizations, should regularly review and assess the laws and regulations enacted and the related institutional/administrative machinery established at the national/state and local/municipal level in the field of environment and sustainable development, and allocate adequate resources for rendering them effective in practice. Programmes for this purpose should include the promotion of public awareness; preparation and distribution of guidance material; and specialized training for public officials in charge of implementing laws and regulations, and for practitioners expected to represent citizens participating in the decision-making process.

(b) Provide legal reference and support services

19. Competent intergovernmental and non-governmental organizations should cooperate to provide Governments and legislators, especially of developing

countries, with an integrated programme of environment and development law (sustainable development law) services, carefully adapted to the specific requirements of the recipient legal and administrative systems. Past experience has demonstrated the usefulness of combining specialized legal information services with legal expert advice. Within the United Nations system, closer cooperation between all agencies concerned - including mutual access to country data and mission reports, common rosters of experts, and joint projects, where appropriate - would avoid duplication of databases and facilitate division of labour. In addition to legal advisory services provided upon request ad hoc, comprehensive inventories and reviews of selected national legal systems should be scheduled for at least 20 developing countries per year during the period 1993-2000.

(c) Establish a cooperative training network for sustainable development law

20. Competent international and academic institutions should cooperate to provide, especially for trainees from developing countries, coherent postgraduate programmes and in-service training facilities in environment and development law (sustainable development law). Such training should address both the effective application and the progressive improvement of applicable laws; the related skills of negotiating, drafting and mediation; and the training of trainers. Intergovernmental and non-governmental organizations already active in this field should cooperate with related university programmes to harmonize curriculum planning and to offer an optimal range of options to interested Governments and potential sponsors.

(d) Monitor national legal follow-up to international instruments

21. Governments, in consultation with the international secretariats concerned, should improve and harmonize practices and procedures for the domestic implementation of international agreements, including national reporting on legal and regulatory measures taken. Experience under several agreements indicates both a low degree of compliance with reporting requirements and inadequate follow-up evaluation, owing in part to staff constraints in the countries concerned. Sample surveys of domestic follow-up action should be undertaken, based on a comparison of actual legislative and regulatory enactments.

4. Means of implementation

(a) Financing and cost evaluation

22. Most of the programme activities could be carried out through organizations and institutions already active or competent in this field (the United Nations Environment Programme (UNEP), the United Nations Institute for Training and Research, the United Nations University, the Food and Agriculture Organization of the United Nations, the International Maritime Organization, the World Bank, the regional commissions, the World Conservation Union, the International Development Law Institute and several non-governmental academic or professional bodies), with appropriate additional funding:

(a) Additional technical cooperation costs for a projected series of 20 country missions per year (to prepare comprehensive inventories and reviews of national legal systems with regard to sustainable development), and for direct assistance to developing countries in national implementation of international instruments (including standard reporting practice and procedures), are estimated at $4 million;

(b) Additional support costs to international organizations and institutions (to provide, upon request and under preferential conditions, legal reference, advisory and training services to Governments of developing countries and economies in transition) are estimated at $2 million per year.

(b) Scientific and technological means

23. The programme relies essentially on a continuation of ongoing work for legal data collection, translation and assessment. Closer cooperation between existing databases may be expected to lead to better division of labour (e.g., in geographical coverage of national legislative gazettes and other reference sources) and to improved standardization and compatibility of data.

(c) Human resources development

24. Participation in the training network is expected to benefit an unspecified number of professionals from developing countries. Demand for this type of postgraduate and in-service training is known to be high. Generally, the development of effective and transparent legal procedures in this field will contribute to wider public participation in decision-making.

(d) Strengthen legal and institutional capacity

25. A major part of the programme should be oriented towards improving the legal-institutional capacities of developing countries and economies in transition to cope with national problems of governance and effective law-making and law-applying in the field of environment and sustainable development. Regional centres of excellence should be designated and supported to build up specialized databases and training facilities for linguistic/cultural groups of legal systems.

C. Making effective use of economic instruments and market incentives 11/

1. Basis for action

26. Environmental law and regulation is important, but it alone cannot be expected to deal with the problems of environment and development. Prices, markets and the structure of rewards and penalties inherent in governmental fiscal and economic policies also play a powerful rule in shaping attitudes and behaviour towards the environment.

27. During the past several years, many Governments, primarily in industrialized countries but also in Central and Eastern Europe and in developing countries, have been making increasing use of economic and market-oriented approaches consistent with the well-known "polluter-user pays" approach.

28. While economic and market-oriented approaches are not a panacea, they can substantially enhance capacity to deal with the issues of environment and development by developing cost-effective solutions, promoting technological innovation and influencing environmental behaviour, as well as providing an important source of funds that can be deployed to meet environment and development objectives.

29. What is needed is a concentrated effort to make more effective and widespread use of economic and market-oriented approaches within a broad framework of law and regulation, as part of a general transition towards economic and environmental policies that are supportive and mutually reinforcing.

2. Objectives

30. The challenge is to achieve significant progress in the years ahead in meeting three fundamental objectives:

(a) To internalize environmental costs in the decisions of producers and consumers, to reverse the tendency to treat the environment as a "free good" and to pass these costs on to other parts of society, other countries, or to future generations;

(b) To move towards more environmentally sound pricing, which reflects the costs associated with environmental degradation and the relative scarcity of resources;

(c) To use market principles in favour of, not against, the environment.

3. Activities

(a) Reorient governmental policies

31. In the near term, Governments should gradually build on experience with economic and market-oriented approaches by undertaking to review their policies in order to:

(a) Establish effective combinations of economic, regulatory and voluntary (self-regulatory) approaches;

(b) Remove or reduce subsidies that are environmentally unsound as well as uneconomic;

(c) Recast existing structures of incentives to meet sustainable development objectives;

(d) Explore the creation of new markets in the areas of pollution control and resource management;

(e) Move towards environmentally sound pricing.

32. In particular, they should determine how effective use can be made of economic and market-oriented approaches in the following areas:

(a) Sectoral issues related to energy, transportation, agriculture and forestry, water and wastes;

(b) Global and transboundary issues, especially those associated with atmospheric pollution;

(c) The development and introduction of more environmentally sound technology and its transfer to developing countries.

(b) Take account of the particular circumstances of developing countries and countries with economies in transition

33. A special effort should be made to develop applications for the use of economic and market-oriented approaches geared to the particular needs of developing countries and countries with economies in transition, with the assistance of regional and international economic and environmental organizations and private policy and research institutes, by:

(a) Assessing the scope for application of economic and market-oriented approaches to developing countries and countries with economies in transition;

(b) Encouraging regional seminars and, possibly, the development of regional centres of expertise.

(c) Create a global inventory of effective uses of economic instruments and market-oriented incentives

34. Recognizing that the use of economic instruments is still relatively recent, Governments should encourage the creation of a global inventory of effective uses of economic instruments and market-oriented incentives. This could serve as an ongoing database designed to assist policy makers and researchers in assessing these approaches.

(d) Increase understanding of the role of economic instruments and market-oriented approaches

35. Governments should also encourage research and analysis on effective uses of economic instruments and market-oriented approaches, with the assistance of regional and international economic and environmental organizations, as well as private policy and research institutes and academics, with a focus on such key issues as:

(a) The role of environmental taxation, including the scope for shifting taxation towards resource consumption and environmental degradation and away from income and labour, without necessarily adding to the total level of taxation;

(b) The implications of economic instruments and market-oriented approaches for competitiveness and international trade, and potential needs for future international coordination and harmonization;

(c) The possible social and distributive implications of using various instruments.

(e) Establish a process for focusing on pricing

36. The theoretical advantages of using pricing policies to address environment-related issues need to be accompanied by greater understanding of what it means to take significant steps in this direction. Processes should therefore be established at both the domestic and the international levels to examine:

(a) The practical implications of moving towards greater reliance on environmentally sound pricing to help achieve environment and development objectives;

(b) The implications for resource pricing in the case of resource-exporting countries, particularly developing countries;

(c) The methodologies involved in valuing environmental costs.

(f) Enhance understanding of environmental economics

37. Increased interest in economic instruments and market-oriented approaches also requires a concerted effort to improve understanding of environmental economics by:

(a) Encouraging institutions of higher learning to review their curricula and strengthen studies in environmental economics;

(b) Encouraging regional and international economic organizations and private research and policy institutes with expertise in this area to provide training sessions and seminars for government officials.

4. Means of implementation

38. This programme involves reorientation of policies on the part of Governments. It also involves international and regional economic and environmental organizations and agencies with expertise in this area (primarily the Organisation for Economic Cooperation and Development, the Economic Commission for Europe, the World Bank and the Asian Development Bank,

and recently the United Nations Conference on Trade and Development) and industry.

Financing and cost evaluation

39. Any additional costs associated with implementing these activities should be minimal, in the range of not more than $5 million annually, associated with the creation of a global inventory and regional seminars. Any costs are far outweighed by the potential for additional financial resources arising from increased reliance on economic instruments and market incentives.

D. Establishing systems for integrated environmental and economic accounting

1. Basis for action

40. Sustainable development policies should foster changes in the pattern of production and consumption and promote significant shifts in technology use and macro- and micro-economic management. Moreover, environmental policies should shift from a post-factum approach to an anticipatory approach in addressing the sources of environmental depletion and irreversible degradation. A first step towards the integration of sustainability into macroeconomic management should be to establish better measurement of how the environment plays a crucial role as a source of natural capital and as a sink for by-products generated during the production of man-made capital. 12/

41. A programme to establish national systems of integrated environmental and economic accounting (IEEA) in all countries is proposed in this document. The programme requires some additional international funding, although it necessarily relies heavily on national expertise and existing systems of economic and environmental data. 13/

2. Objectives

42. The main objective is to expand existing systems of national economic accounts into systems of integrated environmental and economic accounting in all member States by the end of this century. These should play an integral part in the national development decision-making process and should be based in the agency dealing with national accounts and operated in close collaboration with national environmental statistics and geographic departments.

3. Activities

(a) Strengthen international cooperation

43. The Statistical Office of the Secretariat should:

(a) Make available to all member States the methodologies contained in the SNA Handbook on Integrated Environmental and Economic Accounting;

(b) Aim at further standardization of the provisional concepts and methods proposed in the SNA Handbook;

(c) Coordinate the training of national accountants, environmental statisticians and national technical staff in small groups for the establishment, adaptation and development of national IEEAs.

44. The Department of International Economic and Social Affairs of the Secretariat, in close collaboration with the United Nations Development Programme (UNDP) and UNEP, should:

(a) Support, in all member States, the utilization of sustainable income indicators in national economic and social planning practices, ensuring that IEEAs are usefully integrated in economic development planning at the national level;

(b) Promote improved environmental and economic data collection.

(b) Strengthen national accounting systems

45. At the national level, the programme should be adopted mainly by the agencies dealing with national accounts, in close cooperation with environmental statistics departments, and aim at being useful for decision makers in charge of national economic planning. National institutions should play a crucial role not only as the depository of the system but also in its adaptation, establishment and continuous use.

(c) Establish a review process

46. At the international level, a permanent review process should be established by the Statistical Commission to advise member States on technical and methodological issues related to the further development and implementation of IEEAs in member States.

(d) Strengthen data and information collection

47. National Governments should implement a major enhancement in data collection to set in place national IEEAs with a view to contributing pragmatically to sound macroeconomic management. Major efforts should be made to augment the capacity to collect and analyse environmental data and information and to integrate it with economic data. International donor

agencies should finance the development of intersectoral data banks to ensure that national planning for sustainable development is based on precise, reliable and effective information.

(e) Strengthen technical cooperation

48. The Statistical Office, in close collaboration with UNDP and UNEP, should strengthen mechanisms for technical cooperation among developing and developed countries. This should also include exchange of experience in the establishment of IEEAs, particularly in connection with the valuation of non-marketed natural resources and standardization in data collection. 14/

4. Means of implementation

(a) Financing and cost evaluation

49. Financing will have to be increased, particularly for activities connected with environmental data-gathering and assessment at both the national and the international levels. Based on the experience and estimates of the Statistical Office, the establishment of IEEAs requires some additional international funding. However, the costs can be significantly higher if countries do not have reasonably developed national statistical systems. Cost estimates assume that national counterparts play an instrumental role in the process and that contributions in terms of human resources and infrastructure are readily available in the country. Approximately US$ 2 million per year in external costs will be needed.

(b) Strengthen institutions

50. To ensure the application of IEEA:

(a) National institutions in developing countries should be strengthened to ensure the effective integration of environment and development at the planning and decision-making levels; 15/

(b) The Statistical Office should provide the necessary technical support to member States, in close collaboration with the review process to be established by the Statistical Commission. The Statistical Office should coordinate international aid for establishing IEEAs and the provision of technical cooperation, in collaboration with UNDP and UNEP.

(c) Enhance use of information technology

51. Guidelines and mechanisms should be developed for the transfer of information technologies to developing countries. State-of-the-art data management technologies should be adopted for the most efficient and widespread use of IEEAs.

(d) Strengthen national capacity

52. Governments, with the support of the international community, should strengthen national institutional capacity to collect, store, organize, assess and use data in decision-making. Training in all areas related to the establishment of IEEAs, and at all levels, will be required, especially in developing countries. This should include technical training of those involved in economic and environmental analysis, data collection and national accounting, as well as training decision makers to use such information in a pragmatic way.

Notes

1/ The issues dealt with here are directly related to sect. IV, chap. 9, "Providing data and information for sustainable development", and sect. IV, chap. 5, "National mechanisms and international cooperation for capacity-building in developing countries". In addition, there are areas of convergence with sect. II, chap. 2, "Integrated approach to planning and management of land resources"; some of the issues have already been examined in the context of land resources in document A/CONF.151/PC/63.

2/ Achieving this will be difficult, not so much technically, but because it will demand changes in perceptions and attitudes. To a great extent, these changes will depend on leadership and support at the most senior levels of Government. It should be understood that policy integration, and setting in place central policy objectives and guidance, does not imply greater centralization and control. On the contrary, the object is to set in place a system that regulates itself internally by relying on full participation of all groups of society in decisions and delegating responsibility to the lowest level appropriate to each function.

3/ The United Nations system has been steadily building up its capacity to deal with environment and development in an integrated manner. However, there is a need for further strengthening of capacity, and better coordination, as well as for more human and financial resources. Much work still needs to be done if environment is to be placed at the centre of economic decision-making. UNEP, and increasingly UNDP and the World Bank, have expertise in the more general policy areas dealt with here.

4/ See sect. IV, chap. 5, "National mechanisms and international cooperation for capacity-building in developing countries".

5/ See chapters in section III concerning strengthening the roles of major groups.

6/ See sect. IV, chap. 9, "Providing data and information for sustainable development".

Notes (continued)

7/ Although the details of specific legal, economic and accounting instruments are addressed in separate programmes presented subsequently, their integration in the overall planning and management process is essential.

8/ See sect. IV, chap. 3, "Science for sustainable development".

9/ See sect. IV, chap. 4, "Promotion of education, training and public awareness".

10/ The programme on legal and regulatory frameworks (sect. I, chap. 7.B). While focusing on national and local law-making and implementation, is closely related to international legal instruments and mechanisms in sect. IV, chap. 8, especially with regard to the domestic implementation of international agreements, and with regard to integrating training and capacity-building activities.

11/ This programme should be considered in conjunction with document A/CONF.151/PC/50, and the matrix on current uses of economic instruments, which has been prepared as a separate paper in response to the interest expressed by participants at the third session of the Preparatory Committee, drawing on information contained in the Conference's national reports. The programme addresses the broad question of how more widespread and effective use can be made of economic instruments and market-oriented incentives; specific proposals are also contained in sect. I, chap. 3, "Changing consumption patterns", sect. II, chap. 1, "Protecting the atmosphere", sect. II, chap. 3, "Combating deforestation", sect. II, chap. 6, "Promoting sustainable agriculture and rural development", sect. II, chaps. 11-14, concerning wastes, and sect. IV, chap. 2, "Transfer of environmentally sound technology".

12/ Document A/CONF.151/PC/49, endorsed by the Preparatory Committee at its third session, describes in some detail the relatively prudent approach taken by the Statistical Office of the Secretariat in elaborating a "satellite" or complementary system to conventional national accounts. Such a system builds as much as possible on the concepts, classifications and accounting identities of conventional accounts. It also focuses on the immediate interactions between the economic system and the environment in terms of natural resource inputs and "joint" outputs of wastes and pollutants. This makes it possible to account for environmental costs and benefits where they are generated - a first step towards "accountability" and the application of economic instruments. To date, various components of this system have been successfully tested in pilot projects in Mexico and Papua New Guinea. The Statistical Office has prepared a Handbook on Integrated Environmental and Economic Accounting, which discusses the methodologies adopted in developing the system and also serves as a practical guide for those countries interested in establishing their own systems. (The draft Handbook is available in the Statistical Office to all Member States upon request.)

Notes (continued)

13/ The IEEA programme should be considered together with other programmes in Agenda 21, such as sect. IV, chap. 9, "Providing data and information for sustainable development", with its emphasis on data collection and enhanced data management.

14/ It is necessary to emphasize that the primary purpose for the establishment of more "accurate" national accounting procedures is to improve domestic macroeconomic management. The IEEAs should not be used only to compare the performance of world economies.

15/ These efforts should play an integral part in the monitoring of the process of sustainable development, as proposed in sect. IV, chap. 9, "Providing data and information for sustainable development".